

Statement of Robert W. Johnson
Commissioner
U.S. Bureau of Reclamation
before the
House Water and Power Subcommittee
February 26, 2008

Thank you, Madam Chairwoman, Mrs. McMorris Rodgers and Members of the Subcommittee, for the opportunity to appear before you in support of the President's Fiscal Year 2009 budget request for the Bureau of Reclamation. With me today is Robert W. Wolf, Director of Program and Budget.

I appreciate the time and consideration this Subcommittee gives to reviewing and understanding Reclamation's budget and its support for the program. Reclamation works hard to prioritize and define our program in a manner that serves the best interest of the public and those who rely on Reclamation for their water and power.

Our FY 2009 request has been designed to support Reclamation's core activities to deliver water and generate hydropower, consistent with applicable State and Federal law, in an environmentally responsible and cost-efficient manner while meeting the President's goal of balancing the budget by 2012.

The proposed funding will allocate funds to projects and programs based on objective and performance-based criteria to most effectively implement Reclamation's programs and its management responsibilities for the water and power infrastructure in the West. The President's budget request emphasizes the following principle: enhancing management of our water infrastructure and programs in the West by eliminating program redundancies, leveraging partnerships with our western stakeholders and maximizing opportunities for competitive processes.

The FY 2009 request for Reclamation totals \$919.3 million in gross budget authority. This takes into consideration the effects of the proposed legislation for FY 2009 that will redirect \$7.5 million for Friant surcharges from the Central Valley Project Restoration fund to the San Joaquin River Restoration Fund. The request also is partially offset by discretionary receipts in the Central Valley Project Restoration Fund of \$48.3 million.

Water and Related Resources

The FY 2009 request for Water and Related Resources is \$779.3 million. The request for Water and Related Resources includes a total of \$383.0 million for water and energy, land, and fish and wildlife resource management activities (which provides for construction and management of Reclamation lands, and actions to address the impacts of Reclamation projects on fish and wildlife). The request also includes \$396.3 million for facility operations, maintenance, and rehabilitation activities which is used to ensure sound and safe ongoing operations.

Adequate funding for facility operations, maintenance, and rehabilitation continues to be one of Reclamation's highest priorities. Reclamation continues to work closely with water users and other stakeholders to ensure that available funds are used effectively. These funds are used to allow the timely and effective delivery of project benefits; ensure the reliability and operational readiness of Reclamation's dams, reservoirs, power plants, and distribution systems; and identify, plan, and implement dam safety corrective actions and site security improvements.

Highlights of the FY 2009 Request for Water and Related Resources

I would like to share with the Committee several highlights of the Reclamation budget, including one of the most significant and exciting elements of our 2009 request, the Water for America Initiative. In FY 2009, Reclamation will partner with the U.S. Geological Survey to implement the Water for America initiative aimed at addressing 21st century water challenges and ensuring secure water supplies for future generations.

Water for America (\$31.9 million). Of this amount, \$19.0 million appears as the Water for America Initiative line item. While the remaining \$12.9 million is funded in specific projects for enhanced endangered species recovery activities (\$8.9 million) and displayed as individual investigation programs (\$4.0 million) in the budget request, collectively the \$31.9 million supports the cohesive Water for America initiative. Reclamation's efforts focus on two of the Initiative's three strategies: Plan for Our Nation's Water Future; and Expand, Protect, and Conserve Our Nation's Water Resources. The third component, Enhance our nation's Water Knowledge is funded with the U.S.G.S.

As part of the Plan for Our Nation's Water Future component of the Initiative, Reclamation will incorporate the existing investigations programs with a new basinwide studies program, thus initiating comprehensive water supply and demand studies to assess the impact of increased water demands on finite water sources. The Expand, Protect, and Conserve Our Nation's Water Resources component merges the most successful elements of two existing water conservation programs, Water 2025 and the Water Conservation Field Services Program. Competitive grants will be awarded based upon West-wide criteria to address emerging challenges and prevent future conflicts.

Plan for Our Nation's Water Future (\$8.0 million)

In planning for our Nation's water future, Reclamation will conduct comprehensive water supply and demand studies. The studies, to be done in conjunction with willing partners, will occur in areas where high levels of anticipated water supply/demand imbalances exist. Each study will include three main elements: state-of-the-art projections of future supply and demand by river basin; analyses of how the basin's existing water and power infrastructure will perform in the face of changing water realities; and recommendations for satisfying future water needs through adapting and optimizing current operations and activities, or by changing or supplementing existing infrastructure and operations and adopting new technologies. Additionally, Reclamation's investigation programs will complement the comprehensive basin studies and will place an additional emphasis on resolving 21st century challenges.

Expand, Protect, and Conserve Our Nation's Water Resources (\$23.9 million)

The Expand, Protect, and Conserve Our Nation's Water Resources effort will use a broad-based challenge grant program (building upon and recasting the existing Water 2025 Challenge Grant program and the Water Conservation Field Services Program) to accelerate the implementation of cost-effective actions that will conserve water by improving efficiency; recycle and desalt water to create new supplies; and support proactive efforts to avoid the decline of sensitive species.

Another component of this strategy is accelerating endangered species activities in order to maintain and improve existing resident populations and/or localized critical habitat for various species impacted by Reclamation projects, thereby safeguarding the water supplies associated with these projects. Activities will include acquiring land for habitat development and improvement projects, recovery activities for listed species, improvements to stream flow, removal of barriers to spawning grounds, restoration of critical habitat and other related actions.

Other significant programs and highlights include:

Klamath Project in Oregon and California (\$25.0 million). The FY 2009 President's budget request will continue funding for Reclamation to collaborate with other Federal and State agencies, tribes and the public to develop a basin-wide recovery plan that addresses water supply, water quality, fish habitat, and fish populations.

Lower Colorado River Operations Program in California, Arizona and Nevada (\$16.4 million). The FY 2009 President's budget request will provide funds for the work necessary to carry out the Secretary's responsibilities as water master of the lower Colorado River. The FY 2009 request funds measures under the multi-species conservation program to provide long-term Endangered Species Act compliance for lower Colorado River operations for both Federal and non-Federal purposes.

Middle Rio Grande in New Mexico (\$22.7 million). The FY 2009 President's budget request will continue funding for endangered species activities and Reclamation's participation in the Middle Rio Grande Endangered Species Act Collaborative Program as well as repair of priority river maintenance sites.

Animas-La Plata in Colorado and New Mexico (\$50.0 million). The FY 2009 President's budget request will continue construction of the project's major features, Ridges Basin Dam and Durango Pumping Plant and the Ridges Basin Inlet Conduit. It will allow for initiation of testing on the Durango Pumping Plant and Ridges Basin Inlet Conduit, thereby enabling the initial filling of Lake Nighthorse. With this level of funding Reclamation will start constructing components of the Navajo Nation Municipal Pipeline. In addition to construction funding, this request includes funding for continued operation and maintenance of improvements for wetland and wildlife mitigation lands associated with the project.

Savage Rapids in Oregon (\$3.0 million). The FY 2009 President's budget request will provide funds for continuing construction of the pumping facilities. Removal of this irrigation diversion dam and the installation of pumping facilities will allow the local farming community to

continue irrigated agriculture and remove a migration barrier for the threatened Southern Oregon and Northern California coho salmon.

Columbia/Snake River Salmon Recovery in Idaho, Oregon, Montana, and Washington (\$18.0 million). The FY 2009 President's budget request will address the requirements in the biological opinions issued in December 2000 by the U.S. Fish and Wildlife Service and in November 2004 by the National Oceanic and Atmospheric Administration Fisheries (NOAA Fisheries). The 2004 biological opinion has been remanded to NOAA Fisheries and a new biological opinion is due in May 2008. During the remand, the 2004 biological opinion remains in place as Reclamation continues to implement actions identified in the 2004 updated proposed action.

Platte River Endangered Species Recovery Program (\$11.5 million). The President's FY 2009 budget request for the Platte River Recovery Implementation Program is \$11.5 million. The agreement for the program was signed by Secretary Kempthorne and the Governors of Nebraska, Colorado and Wyoming in late 2006. Platte River habitat is essential to the recovery of the whooping crane, interior least tern, piping plover, and pallid sturgeon (all threatened or endangered species). Legislation was introduced in the 110th Congress to authorize the Secretary of the Interior, through the Bureau of Reclamation, and in partnership with the States of Wyoming, Nebraska, and Colorado, other Federal agencies, and other non-Federal entities to participate in the implementation the Platte River Recovery Implementation Program for Endangered Species in the central and lower Platte River Basin and to modify the Pathfinder Dam and Reservoir.

Site Security (\$29.0 million). The President's 2009 budget request for site security helps to ensure the safety and security of the public, Reclamation's employees and key facilities. The funds will support ongoing security activities, including physical security, personnel security, information security, law enforcement and research activities to maintain an effective and reliable security program and allow Reclamation to conduct security-related studies and reviews. The request also includes appropriated funds for guards, patrols, and law enforcement, including coordination, execution, and maintenance of law enforcement agreements with agencies outside Reclamation. In FY 2008, 2009, and in future years, Reclamation plans to collect all reimbursable costs, including guards and patrols, as well as operation and maintenance of facility fortifications. Reclamation will continue to treat facility fortification, studies, and anti-terrorism management-related expenditures as non-reimbursable.

Safety of Dams (\$91.3 million). The President's budget allows Reclamation to ensure that safety and reliability of Reclamation dams is one of the Bureau's highest priorities. The Dam Safety Program is critical to effectively manage risks to the downstream public, property, project, and natural resources. Of the budget request of \$91.3 million, \$71.5 million is for modifications at several facilities including Folsom Dam.

Rural Water Program Development (\$1.0 million). The FY 2009 President's budget request of \$1.0 million will allow Reclamation to begin implementation of the program on a pilot basis. Reclamation is currently working on meeting the requirements of Title I of the Rural Water Act in order to implement the program. First, Reclamation is undertaking a rulemaking process, to develop programmatic criteria. Second, as required by the Act, Reclamation will complete an

assessment of the status of authorized rural water supply projects and of other Federal programs that address rural water supply issues. This study will enable Federal agencies to maximize coordination in order to promote efficiency in those Federal activities targeting rural water supply needs in the West.

Science and Technology (S&T) (\$9.0 million). The FY 2009 President's budget request includes funding for the development of new solutions and technologies which respond to Reclamation's mission-related needs. Reclamation's S&T work will contribute to the innovative management, development, and protection of water and related resources. This does not include the \$2.0 million for the Desalination and Water Purification Research program.

Ongoing Rural Water Projects

This request includes \$39.0 million for two ongoing authorized rural water projects: The first priority for funding rural water projects is the required operations and maintenance component, which is \$15.0 million for 2009. The budget includes \$24 million to support the Administration's commitment to complete construction of ongoing rural water projects including ongoing municipal, rural and industrial systems for the Pick Sloan-Missouri Basin Program – Garrison Diversion Unit in North Dakota and the Mni Wiconi Project in South Dakota. For the construction component, Reclamation allocated funding based on objective criteria that gave priority to projects nearest to completion and projects that serve tribal needs.

Title XVI

The request includes \$7.0 million to support ongoing Title XVI construction projects, Title XVI research activities, and the Title XVI feasibility study review process developed in 2007. The Title XVI projects develop and supplement urban and irrigation water supplies. Reclamation will continue to place priority on funding projects that: (1) are economically justified and environmentally acceptable in a watershed context; (2) are not eligible for funding under another Federal program; and (3) directly address Administration priorities for the Reclamation program such as providing instream flows for Federally endangered or threatened species, meeting the needs of Native American communities, and meeting international commitments.

Policy and Administration

The \$59.4 million request in FY 2009 funds the development, evaluation, and implementation of Reclamation-wide policy, rules, and regulations, including actions under the Government Performance and Results Act, and implement the President's Management Agenda. These funds are also used for management and performance functions that are not chargeable to specific projects and required for ongoing Commissioner's activities.

Central Valley Project Restoration Fund

This fund was established by the Central Valley Project Improvement Act, Title XXXIV of P.L. 102-575, October 30, 1992. The request of \$48.6 million is expected to be offset by discretionary receipts totaling \$48.3 million, which is the maximum amount that can be collected

from project beneficiaries under provisions of Section 3407(d) of the Act. The discretionary receipts are adjusted on an annual basis to maintain payments totaling \$30.0 million (October 1992 price levels) on a three-year rolling average basis.

The CVPRF request is a net of \$48.6 million. This includes a redirection of \$7.5 million collected from the Central Valley Project Friant Division water users to the new San Joaquin River Restoration Fund for FY 2009. Previously, these funds went into the CVPRF as outlined in the Reclamation Projects Authorization and Adjustments Act of 1992, Title XXXIV of P.L. 102-575, section 3406(c)(1). Under the Settlement, the legislation proposes to redirect approximately \$17.3 million per year of payments from the Central Valley Project, Friant Division water users into the Fund which would be available without further appropriations to implement the provisions of the settlement. These funds will be used for habitat restoration, improvement and acquisition, and other fish and wildlife restoration activities in the Central Valley Project area of California.

San Joaquin River Restoration Fund Proposed Legislation

Funding in FY 2009 will be used to continue planning, engineering, environmental compliance, fisheries management, water operations, and public involvement activities related to the Restoration and Water Management goals in the Settlement. The Administration will again support passage of authorizing legislation, the San Joaquin River Restoration Settlement Act, which includes a provision to establish the San Joaquin River Restoration Fund.

California Bay-Delta Restoration Fund (CALFED)

Title I of P.L. 108-361, titled the Calfed Bay-Delta Authorization Act, was signed by the President on October 25, 2004. The Act authorized \$389 million in Federal appropriations over the period of FY 2005 through FY 2010. For FY 2009, \$32.0 million is requested to enable Reclamation to continue to advance its commitments under the CALFED Record of Decision and with a focus toward implementation of priority activities included in the Calfed Bay-Delta Authorization Act that will contribute to resolving water resource conflicts in the CALFED solution area. Funds will specifically be used for the environmental water account, feasibility studies of projects to increase surface storage and improve water conveyance in the Delta, conduct critical science activities, implementation of projects to improve Delta water quality, ecosystem enhancements, and program planning and management activities.

FY 2009 Planned Activities

Reclamation's FY 2009 priority goals are directly related to fulfilling contractual requests to deliver water and power, while balancing a range of competing water demands. Reclamation will continue to deliver water consistent with applicable State and Federal law, in an environmentally responsible and cost-efficient manner. Reclamation will deliver 28 million acre-feet of water to meet contractual obligations while addressing other resource needs (for example, fish and wildlife habitat, environmental enhancement, recreation, and Native American trust responsibilities).

Reclamation will maintain dams and associated facilities in good condition to ensure the reliable delivery of water. Reclamation will continue to meet or beat the industry forced outage average to ensure reliable delivery of power. Reclamation will reduce salinity by preventing an additional 13,500 tons of salt from entering the water ways.

Moreover, the FY 2009 budget request demonstrates Reclamation's commitment in meeting the water and power needs of the West in a fiscally responsible manner. This budget continues Reclamation's emphasis on managing those valuable public resources. Reclamation is committed to working with its customers, States, Tribes, and other stakeholders to find ways to balance and provide for the mix of water resource needs in 2009 and beyond.

Managing For Excellence

Reclamation continues to make significant advancements in its quest for management excellence. Reclamation's Managing for Excellence Action Plan reflects specific actions to realize the underlying principles of the President's Management Agenda. The National Academy of Sciences, at Reclamation's request, completed and published its study in 2006 to assist Reclamation in determining the appropriate organizational, management, and resource configurations to meet its construction and related infrastructure management responsibilities associated with fulfilling its core mission of delivering water and power for the 21st century.

The Managing for Excellence action plan, developed in response to the Academy's report, outlines a process and timeframe for identifying and addressing the specific actions that can be taken to increase transparency, efficiency, and accountability within Reclamation. To date, Reclamation has completed 38 out of 41 activities. The balance will be completed by the end of February 2008.

Conclusion

Madam Chairwoman, please allow me to express my sincere appreciation for the continued support that this Committee has provided Reclamation. This completes my statement. I would be happy to answer any questions that you may have at this time.